

What type of board structure works best?

Two important questions to ask before deciding on your board structure...

Since no two organizations are alike, there is no single ideal way to structure a board that will meet the needs of all organizations. I am often asked questions like, “What size of board is the best? How long should our board members serve? How many meetings do we need to have?” and my initial response is always, “What are your organization’s needs?”

The nature of boards does not contribute to easy answers. Membership on a board is in a constant state of flux with new members coming and old members leaving. Some members are veterans serving a second or third term. Others are just beginning, while the majority are somewhere in between.

Nevertheless, structure of the board should answer two important questions: **What functions of the organization during the coming two or three years does the board need to fulfill? What type of structure would best serve those needs?** In the most productive boards, form follows function. This is not to say that you throw out your traditional form of structure set in the bylaws and begin anew every two years or so. There needs to be a balance between continuity and innovation. The key here is *flexibility*. Be flexible enough to take stock of the structure every year and ask some important questions. If the board structure is getting in the way of board members’ ability to fulfill organizational goals, then have the collective courage to change the structure.

Let’s look at several aspects of board structure with a “flexibility lens,” to get an idea of how this can be done. If you are just beginning to put a board together, you will have even more flexibility as you consider the following.

Type of Board

Regardless of the different nomenclature for boards, all boards of trustees for nonprofit organizations are governing boards who have the basic six responsibilities outlined in Chapter Two. Current law in the state of Utah requires that the board of trustees consist of at least three members. Other than that requirement, the governance approach is up to the board to decide. There are many models of governance in the field. These are basically different approaches to governance. For example, an article in *Nonprofit Quarterly* examined 20 Canadian nonprofits and their governing approaches. Author Mel Gill culled the results of this study into eight basic models of governance to include:

1. **Operational:** The board manages and governs the organization.
2. **Collective:** The board and staff function as a team in decision making, and the board is sometimes involved in management.
3. **Management:** The organization is managed by the board through committees, sometimes with a staff member.
4. **Constituent representation:** Board members are elected by the public or members.
5. **Traditional:** The board governs through functional committees, and management is left to the chief executive.
6. **Results based:** The chief executive is an influential, nonvoting partner with the board, and committees are structured around board responsibilities.
7. **Policy governance** (Carver): The board establishes policies that determine goals, methods, and limitations, and the chief executive determines the means to achieve goals.
8. **Advisory board:** Also known as the rubber-stamp board, the chief executive selects and dominates the board.

Full text of the report is available online at www.nonprofitquarterly.org/section/313.html

Many boards fall into one of these basic models while others are hybrids of one or more of the models. In essence, what is important is how functional the board is for the mission and current stage of development of the organization. Once again, flexibility and continuous assessment are critical in determining the best approach for your board.

Size of Board

Most experts on nonprofit management advise smaller rather than larger boards. The reason for this is to create more of a team mentality and a flatter structure. The more people on the board, the less likely this will occur. As a group increases in size, decision making, trust building, quality personal interaction etc. is reduced. If you want your board members to feel part of the team and advocate for the organization, you need to carefully consider whether the structure you have promotes or prohibits this.

However, one size does not fit all. Your board size should reflect the functions of the organization needed to accomplish the mission. For example, a typical arts council of a mid-sized community may range from 6 to 12 members. For the sake of discussion, let's say you are a typical arts council and currently have 9 board members. This number has worked out well the past 8 years of your organization's existence. However, this year as part of your strategic plan (based on a constituent survey) you have decided to begin an arts festival that will take place in the business district of town. You want this to be a successful event that will involve the entire community including your Chamber of Commerce. The Chamber is very excited about partnering with you and has found a large sponsor to underwrite most of the festival expenses. The sponsor, however, insists that they have at least one representative serve on the board for the length of time they are supporting the festival. The Chamber has also expressed an interest in having several board members represent the business section of town. Neither request is out of line. The festival meets the goals set according to the organization's mission to increase the cultural offering in the community.

As a board you can do at least two things: 1. Say no...our bylaws prohibit this but maybe we can set up an ad hoc committee or an advisory body to include those people; or, 2. Create two or three new positions on the board and change the bylaws. Both meet the needs of the organization's goals to increase cultural offerings by holding an arts festival. In this case, the most contributing factor the board would need to consider would be the ongoing support of the Chamber and the sponsor. Also, ad hoc and advisory committees are usually valuable solutions to a temporary need, and, in this case, the arts festival is not expected to be a temporary event. Changing the board structure would be the best solution.

Term Limits

Term limits tend to be a touchy subject with many board members. The question is often asked, "Why rotate board members when it is so hard to find good ones and the current members are so productive?" This is an especially sensitive issue with newly formed organizations that are driven by the passion of the founder (usually

serving as Board Chair). It is true that when you institute term limits, you often lose good people. However, even good, productive people can become bogged down with the same issues and perspectives. Most people are interested in serving on the board for a limited time and eventually want to move on. Having new perspective is like fresh air to a board and recruiting new board members promotes a diverse examination of the organization.

Term limits can also contribute to better recruitment opportunities for new board members. Nobody wants to serve on an antiquated, stagnant board; but an active, energetic board appeals to potential board members. Also, look at past board members who have had a good experience with their limited time on the board as potential recruiters for new board members. Former board members create a wider circle of people who know your organization well and can continue to be ambassadors in your community. You can continue to engage them in other ways in the organization.

Meetings

Nonprofit law in Utah states that you will need to meet at least two times a year. Beyond that, your bylaws or policies can set the number of meetings needed each year and the attendance requirements. Is it possible that you may need to meet every month for one year and only three times the next? Maybe your organization just received a major donation and has decided to build a new performing arts center. How would this new development change the nature and amount of your meeting time? The number of meetings should directly relate to the needs of the organization's strategic plan and should be flexible enough to respond to environmental influences or crises.

Meetings serve a crucial purpose with governing boards. They are the place where much of the board's interaction, interdependency and decision-making occur. They are central to the board's effectiveness. Yet, often boards will continue to meet the same way year after year. Sometimes, those who put together the agenda will create agenda items just to fill the usual meeting hours or important business will be delayed until the next scheduled meeting.

Building an effective board agenda is not an easy task. Using flexibility can be a key. However, being too flexible sometimes can add to the chaos and lack of direction. Consider the following suggestions when building a board agenda and talk to your board members about what works for them.

1. Send a consent agenda out to each board member at least a week before the meeting and have the board vote on the entire slate, after any questions, with

one vote. By adopting the consent agenda, the organization commits to getting the necessary information and reports out to the board members well in advance. This would include committee reports, financial reports etc. To ensure that board members get a chance to ask questions or raise issues, a particular item may be removed from the consent agenda for discussion later at the meeting. The consent agenda basically moves the focus from old business to the future.

2. Before issues are placed on the agenda, use the following three tests from *Nonprofit Boards That Work* by Maureen K Robinson (2001, pp. 49-52):
 - a. **The test of importance:** Does the issue touch meaningfully on the values of the organization? As we think about, discuss, and act on an issue, are we faced with concerns about a principle of importance to us, or a value that is integral to our sense of who and what we are as an organization. What about public opinion and perception? Is the board going to be happy living with a management decision if it has to defend that decision in a public arena.
 - b. **The test of scale:** Is an issue genuinely a big deal? Does it have significant financial or personnel ramifications?
 - c. **The test of consequences:** The mission demands that the organization accomplish some part of its purpose and the board's responsibilities demand that some accounting take place to measure whether the mission is being met and whether resources are being used wisely.
3. Structure meetings around the question of what you are trying to accomplish.
4. If necessary, schedule themed meetings when an issue is of such importance that the board needs to set aside an entire meeting to talk about it. This may be in the form of a board retreat.
5. Know and use a consistent protocol for your meetings. Robert's Rules of Order is perhaps the most widely known set of rules for the conduct of meetings, though it is not the only one. Use the Decision Making section on page 23 as a guide to your own preferred protocol.

NOTE: A Parliamentary Procedure guide and a Board Meeting Evaluation form are included in the Appendices

Committees

Using a “flexibility lens” when setting up committees means simply letting the function determine what committees are needed. Some standing committees will always be a part of the board such as a nominating committee. However, consider this scenario: You have just completed a planning retreat with the board and one of the goals is to begin a capital campaign to raise money for a new theatre. In the past, your committees have consisted of a board development committee, an executive committee, a finance committee and a program committee. Since this goal will take at least two to four years to complete, you will need to consider how to structure a new committee or make the assignment to an existing one. Should it be the finance committee’s job? The finance committee already has enough on its plate. This is a time to look at your committee structure with possible changes in mind. As a board, you may need to revamp your entire committee system in order to accomplish this single goal. This may dictate another look at how many people and which people are on the board. The most important things to keep in mind while using your “flexibility lens” is to be sure to allow the board to give their input, consider the strengths of each board member, and use a structure that creates interdependence between members and with staff.

Some of the most common types of committees to consider in a traditional structure include but are not limited to: Development, Nominating, Executive, Finance, Planning, Buildings and Grounds, Marketing/PR, Events, Program, and Personnel. Remember to keep committees small to promote better teamwork. Be clear about each committee’s purpose and give some thought to who should sit on the committee. Look outside the board to find people with specific skills needed to accomplish the purpose of the board. These people are potential future board members. Again, using ad hoc (self-limiting) committees will go a long way to produce more synergy in the group and create an atmosphere of importance.

Policies and Procedures

Establishing policies and procedures for the organization is one of the six basic responsibilities of the board. This begins with the drafting and amending of two documents that set the rules and procedures for the organization, the articles of incorporation and the bylaws. (Sample articles of incorporation and bylaws are included in our companion handbook, *The Art of Forming a New Nonprofit*, also available on our website.) Other documents that the board may want to consider developing can include but are not limited to a board manual with further clarification of board member roles and other board member issues, a personnel manual for boards with paid staff, policies about conflict of interest, assessment forms and other policies that need drafting for organizational standards. The policies and procedures document is also a good place to establish the type of decision making procedures the board will use to make decisions.

Decision Making Procedures

The following three major decision making procedures are most commonly used by organizations, both corporate and nonprofit:

Consensus: Mutual agreement among all members of a group where all legitimate concerns of members have been addressed to the satisfaction of the group (Saint & Lawson, 1997). Consensus requires unanimity. The decision may not be the first choice of all group members, but every member has agreed to support the final decision and feels that their concerns have been addressed.

Majority Rule: Most organizations using parliamentary procedure practice a form of majority rule. In your bylaws, you may have defined what a “quorum” constitutes in order to be able to vote on motions using a majority rule. Your designation of what constitutes a quorum or legally constituted amount of board members to make a decision, should be defined in the bylaws and followed.

Minority Rule: Occasionally a decision will need to be made by an outside expert, often a consultant. The board may still retain the right to vote on whether the expert makes the final decision or whether they will deliberate on the expert’s recommendations as a board. This is also when the authority to make the decision has been given to the board chair or a special committee.



IDEAS AND TOOLS TO USE THIS INFORMATION

As a Board Member:

- Carefully deliberate the size of the board. The size should reflect the functions of the organization. If you have paid staff, you will also need to take that into consideration.
- Be sure to take selection of new board members seriously. Just because they are friends or business associates does not necessarily make them the best selection.
- Recognize your contribution to making meetings more effective. Read the material sent to you ahead of time so you are fully informed and prepared to address any concerns at the board meeting.
- Always keep the mission of the organization in mind while making important decisions that will impact the organization.
- Express willingness to serve in capacities where you have the greatest strengths.
- Understand your decision making process and follow it.

As a Board Chair:

- Lead the board in looking at the board structure with a “flexibility lens.” Be open to the changes this type of structure will have on your authority. Keep the vision of the organization in mind.
- Know your decision making policy or meeting protocol well. If you follow Robert’s Rules of Order, try to use that procedure as much as possible.
- Discourage the board from making a quick decision without enough information.
- Remember the key role board meetings play in creating an effective board. Encourage a consent agenda and expedite committee reports. Always be open to incorporating board development and special meetings into the regular agenda.

- Continually look for ways to motivate the board to share their skills and talents. When board members feel appreciated for their unique skills, they are more willing to contribute to the group and have a greater feeling of ownership in the organization.

As an Executive Director:

- Send out as much information as possible before the board meeting as well as material for a consent agenda.
- Keep the board informed of ongoing programs and any new possible committees needed to assist in meeting the goals of those programs.
- Use the three tests to determine what should be included on the agenda and make those recommendations to the board chair.
- Suggest themed meetings when appropriate for the board chair to consider.
- Assist the board as a resource in drafting and amending any documents for policy.